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RUEHLP/AMEMBASSY LA PAZ AUG 6209
RUEHPE/AMEMBASSY LIMA PRIORITY 6328
RUEHME/AMEMBASSY MEXICO PRIORITY 1321
RUEHMN/AMEMBASSY MONTEVIDEO PRIORITY 4522
RUEHQT/AMEMBASSY QUITO PRIORITY 2541
RUEHTG/AMEMBASSY TEGUCIGALPA PRIORITY 0175
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SUBJECT: BRISTLING AT THE "BOLIVARIAN PROJECT": REMARKS BY
CHILEAN PRESIDENTIAL CANDIDATE, FOREIGN MINISTER

¶1. SUMMARY: (SBU) Concertacion presidential candidate Eduardo Frei and Foreign Minister Mariano Fernandez publicly criticized populist leaders in the region during a seminar on Latin America held in Santiago August 4-5. Frei warned that the "Bolivarian project" could threaten political and social stability in Latin America, and noted Venezuela and Honduras as countries where leaders "modify the rules of the democratic game for personal ambitions." Fernandez departed from prepared remarks to assert that "a democratic recession" in the region is creating opportunities for "authoritarian and messianic" leaders, the strongest criticism to date of regional leaders by a Bachelet administration official. Fernandez and Frei advocated a leading role for Chile in promoting regional stability and integration. END SUMMARY.

FREI: "BOLIVARIAN PROJECT DESERVES SPECIAL ATTENTION"

¶2. (SBU) On August 5, Concertacion presidential candidate Eduardo Frei cautioned that the "Bolivarian project deserves special attention" because it could be a source of political and social instability in Latin America. Frei noted the Bolivarian call for regional expansion and said that this expansion has already led to diplomatic and military confrontations. While the confrontations have not spilled over into actual conflict, the threat to regional stability still exists.

¶3. (SBU) Frei pointed to Venezuela and Honduras as examples of the recent trend in Latin America where leaders "modify the rules of the democratic game for personal ambitions." He identified the rush in Venezuela to consolidate power in the executive and eliminate space for the opposition as steps that move that country away from being a true democracy. Frei added that economic measures such as nationalization could upset the basic economic order that is needed for democratic governance.

¶4. (SBU) The financial crisis and drug trafficking are two other threats to stability in Latin America, Frei told the audience of government, military, and academic officials at a conference convened by the British think tank International Institute for Strategic Studies. The response to the financial crisis, which Frei considers the biggest regional

test in 20 years, will determine the future of the region's leftist governments. He added that drug trafficking had spread from being an Andean problem to a threat that menaces Brazil, Paraguay, and Chile.

FM FERNANDEZ: VEILED REFERENCES REVEAL FRUSTRATION WITH POPULISM

15. (SBU) While not as direct as Frei, a series of unscripted remarks by Foreign Minister Mariano Fernandez revealed similar frustrations with Latin American populism. In his August 4 comments to the conference, Fernandez said that Latin America was experiencing a "democratic recession." Weak institutions and serious fractures in society were creating the conditions for "authoritarian and messianic" leaders to emerge, he asserted. Some of his criticisms seemed to target Honduras, as he said pointedly that as Latin America has become more democratic in recent decades, "in most cases, elected governments have not been unduly questioned by other members of society." The region needs stronger political parties that can respond to strident media attacks, he continued. Later, in a remark seemingly aimed at Peru, the Foreign Minister noted that "some countries in the region have exploited border conflicts to promote nationalism and domestic political goals."

FREI AND FERNANDEZ: CHILE TO PROMOTE REGIONALISM AS A "TRUSTED PARTNER"

16. (SBU) Frei maintained that Chile must contribute to regional stability and expressed a personal desire for Chile to be a leader in Latin America. He acknowledged that the country will be occupied by border disputes with Peru and Bolivia in upcoming years and suggested these disputes will hinge on a strong international public relations campaign as much as a strong legal case. Frei advocated for sustained, pro-active engagement by Chile in regional groups and emphasized the importance of being considered a "trusted partner." He also underscored the need to cultivate relationships with Mexico and Brazil because of their influence on the larger world stage.

17. (SBU) Frei said Chile must do more to change the perception that it is "cold, calculating, and arrogant." He proposed that Chile think of Latin America as a political and economic extension of itself, then act accordingly. He highlighted the GOC's actions in Haiti as an example of the attitude Chile must adopt towards the region. According to Frei, increased economic, cultural, scientific exchanges are key to changing perceptions and behavior within the region.

18. (SBU) Foreign Minister Fernandez called for Chile to promote regionalism, saying that the integration of Latin America will promote democracy. For years, carelessly drawn borders and economies based on exporting goods to more developed countries -- both legacies of Spanish colonialism -- have stifled regional integration, he said. Now, however, Chile and other Latin American countries are beginning to overcome this legacy, with increasing amounts of Chilean exports and Chilean investment destined for Latin American countries. Nonetheless, some parts of the regional project -- particularly infrastructure -- are far behind. Chile and Argentina share a 5,300 km border (the third longest in the world) and yet have just a few border crossings. Bolivia, the "kidney of Latin America," has five borders, but no paved roads to other countries.

19. (SBU) COMMENT: Frei's comments about Venezuela are the strongest words yet from a member of the ruling Concertacion, an alliance of four center-left and left parties. His willingness to openly discuss the threat posed by Chavez, albeit without mentioning his name, is a stark contrast to President's Bachelet's silence. Similarly, Fernandez's spontaneous comments, while indirect, offer a glimpse of Chile's exasperation with its more hot-headed neighbors. END

COMMENT.
SIMONS